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GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
DAVID C. HOLLISTER, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 4421 (as introduced)
TOPIC: Waiver of Continuing Education for Insurance Producers in active Military duty
SPONSOR: Representative Fulton Sheen
CO-SPONSORS: Rep. Rocca, Mortimer, Taub, Cheeks, Palmer, Garfield, Stahl, Pastor, Gosselin, Vander Veen, Hummel, Hoogendyk, Baxter, Hune, Robertson, Gaffney, LaJoy, Hildenbrand, Shaffer, Schuitmaker, Proos, and Green
COMMITTEE: Committee on Insurance
Analysis Done: May 3, 2005

POSITION

The Office of Financial and Insurance Services is neutral regarding this legislation.

PROBLEM/BACKGROUND

Section 1204c(11) of the Insurance Code of 1956 (Code), MCL 500.1204c, allows the Commissioner to waive the continuing education requirements for an insurance producer if the Commissioner determines that enforcement of the requirements would cause a severe hardship, but it does not specifically identify military service as a hardship. The OFIS Commissioner has, for the past 12 years, had a policy that continuing education requirements for an insurance producer on active military duty are a hardship and are waived.

DESCRIPTION OF BILL

The proposed legislation amends section 1204c(11) of the Code and requires the commissioner to establish a policy that waives the continuing education requirements for licensed insurance producers who are on active military duty and stationed in a combat zone, as designated by the President.

SUMMARY OF ARGUMENTS

Pro

Section 1204c of the Code allows the Commissioner to waive the continued education requirements for an insurance producer if the Commissioner determines that enforcement of the requirements would cause a severe hardship, but it does not specifically identify military service as a hardship. Consequently, the Commissioner or any future Commissioner could decide that such service is not a hardship and refuse to grant the waiver. This amendment would eliminate that possibility for active duty in a designated combat zone.

Con

Section 1204c(11) contains language that allows the Commissioner to waive continuing education requirements for a producer if the commissioner determines the enforcement of the requirement would constitute a severe hardship. The Commissioner has already determined active military duty constitutes a hardship as evidenced by the booklet now being used by the Licensing Division and that is distributed to producers who are working on their licensing requirements. After consultation with the Education Advisory Council, the Commissioner included active military duty as a defined hardship. The current definition of military service does not limit the waiver to active military duty in a combat zone, but rather can be used by any person serving in active military duty. The proposed language would actually make the waiver more restrictive. Only seven states have specific statutory language requiring waiver of continuing education requirements for active military duty, but all states, including Michigan, routinely grant such waivers under the hardship sections of their statutes.

FISCAL/ECONOMIC IMPACT

OFIS has identified the following revenue or budgetary implications in the bill as follows:

(a) To the Office of Financial and Insurance Services: None

Budgetary:

Revenue:

Comments: This is a function currently performed by the Licensing Division.

(b) To the Department of Labor and Economic Growth: None

Budgetary:

Revenue:

Comments:

(c) To the State of Michigan: None

Budgetary:
Revenue:
Comments:

(d) To Local Governments within this State: None

Comments:

OTHER STATE DEPARTMENTS

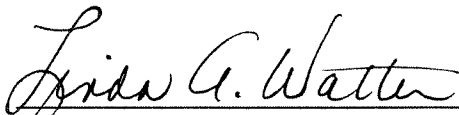
None

ANY OTHER PERTINENT INFORMATION

None

ADMINISTRATIVE RULES IMPACT

The OFIS has general rulemaking authority under the Insurance Code of 1956, 1956 PA 218.



Linda A. Watters
Commissioner

5-3-05

Date